



Department of Justice

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**THE JUSTICE DEPARTMENT AND THE FEDERAL TRADE COMMISSION
ENCOURAGE MICHIGAN SENATE COMMITTEE TO CONTINUE TO ALLOW
CONSUMER CHOICE IN REAL ESTATE BROKERAGE SERVICES**

***Proposed Legislation Would Restrict Consumer Choice and Cause Michigan Consumers
to Pay More for Real Estate Services***

WASHINGTON, D.C. – The Department of Justice and the Federal Trade Commission (FTC) issued a joint letter today urging the Michigan Senate Committee on Economic Development, Small Business, and Regulatory Reform to reject House Bill 4849 as currently drafted as the legislation would reduce consumer choice and cause Michigan consumers to pay more for real estate brokerage services. The letter stated that the bill would change current law to restrict the ability of licensed real estate brokers to offer consumers the option to pick the specific brokerage services they want.

Currently, Michigan home sellers and buyers can choose between a traditional, full-service package of real estate brokerage services and a fee-for-service option that allows home sellers and buyers to purchase individual services from an *a la carte* menu. If the bill becomes law, then customers will be forced to purchase potentially unwanted additional services.

“Consumers in Michigan and throughout the nation can save thousands of dollars on a single home sale by having fee-for-service options,” said Thomas O. Barnett, Acting Assistant Attorney General in charge of the Department of Justice's Antitrust Division. “Consumers deserve to receive the full benefits of competition--greater choices and better services-- in order
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to meet their real estate needs.”

In Michigan, home sellers currently have the option to purchase the service of listing their property on the local multiple listing service separately without also having to purchase the broker's negotiation service. If House Bill 4849 is enacted, however, real estate professionals entering into exclusive service provision agreements with their clients would have to provide a state-mandated minimum service package that includes many duties associated with negotiating a property sales contract. Because many multiple listing services in Michigan require brokers to offer only exclusive brokerage agreements before real estate professionals may list properties, Michigan consumers in those areas will be adversely affected by this proposed change in the law.

The joint Department of Justice and FTC letter stated that the bill would likely harm competition in two ways. First, consumers who live in areas where real estate professionals are required to enter into exclusive brokerage agreements before they can post listings on the MLS will have to purchase these additional services and can expect to pay more. Second, without competition from fee-for-service brokers, the prices for traditional, full-service packages will likely increase.

The Michigan Senate Committee on Economic Development, Small Business, and Regulatory Reform is expected to hold hearings on House Bill 4849 on October 25, 2005 at the earliest.

“Consumers should have a choice in the level of real estate services that best meets their needs,” said FTC Chairman Deborah Platt Majoras. “This bill likely would take away lower-price choices and also likely increase the prices of full-service real estate services.”

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The letter was also addressed to the Michigan Department of Labor and Economic Growth, the regulatory agency governing real estate licensees. The Department of Labor and Economic Growth, which previously testified against House Bill 4849 to the Michigan House Committee on Regulatory Reform, requested a letter from the agencies in support of its opposition to the bill.

A copy of the letter is available from the Department of Justice and the Federal Trade Commission. The Department of Justice's Antitrust Division website is <http://www.usdoj.gov/atr>; the Federal Trade Commission's website is <http://www.ftc.gov>. For more information on the letter at the Department of Justice, contact John R. Read, Chief of Litigation III section, at 202-307-0468. For more information on the letter at the Federal Trade Commission, contact James Cooper, Attorney Advisor of the FTC Office of Policy Planning, at 202-326-3367. Paper copies of the letter are also available from the Justice Department's Antitrust Documents Group and the Federal Trade Commission's Consumer Response Center.

The Justice Department's Antitrust Documents Group can be contacted by telephone at 202-514-2481, by fax at 202-514-3763, or by e-mail at atrdoc.grp@usdoj.gov. The Federal Trade Commission's Consumer Response Center can be contacted at Room 130, 600 Pennsylvania Avenue, N.W. Washington, D.C. 20580 or toll free at 1-877-FTC-HELP.

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